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Greece

Canned Deciduous Fruit

Annual

2005

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Report Highlights:

The 2005 Greek peach crop is estimated at 500,000 T of clingstones and 300,000 T of freestones. The estimate represents a 10 percent increase over the 2004 crop. Exports of 2004 canned peaches were 280,000 T. In 2004 apricot production reached 60,000 T, one third of which went into processed products. The 2005 apricot crop is estimated to be the same level. Canned mixtures production in MY 04/05 are estimated at 40,000 T. Domestic pears are in short supply for processors making canned fruit mixtures.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Canned Peaches

Weather conditions prevailing this spring (2005) promise a peach crop that is currently estimated to reach an output of 500,000 T of clingstone varieties and approximately 300,000 T of freestone (fresh table varieties). This increase, provided that weather is favorable through June 2005 and that the crop remains disease free, will fluctuate between 10-11 percent over that harvested a year earlier. However, farmer sources report that it is still too early to confirm final output for 2005.

Weather conditions for 2004 were relatively favorable for the Greek peach crop, although increased moisture has contributed to the development of a fungi disease known as "Monilia" (a strain of Monilia Fructicola, causing a blossom blight), which has affected final output (drop of fruit) and has affected quality in certain pockets of Central Macedonia. According to recent estimates (revised), the 2004 total peach production (both clingstone and freestone) is reported at a high yield, estimated at 800,000 tons. This estimated figure is revised slightly upwards from that reported in GR 4026 in October 2004. About 60,000 tons were not harvested due to hail damage occurring in a few pockets of central Macedonia, including losses due to disease and some on-farm usage. The damaged, unmarketable amounts are not included in the attached PS&D for canned peaches, as they are an un-utilized amount of fruit.

	2003	2004	2005
Metric Tons			
Peaches			
Clingstone	64,000	460,000	500,000
Freestone	44,000	280,000	300,000
Not Harvested (left on Trees)	-	60,000	40,000
Total peaches	108,000	800,000	840,000

The utilization of the 2004 and 2005 peach crops based on official data and the latest estimates, is as follows. The 2005 figures and breakdowns per category of product are preliminary and subject to further revision, due to lack of accurate estimates by both farmer and processing organizations at this time of the year. Processed amounts cited are to be considered more accurate.

	2004 (MTs)	2005 (MTs) *
Processed for canned peaches	270,000	275,000
Processed for other products	150,000	152,000
Fresh Domestic Production (freestone)	190,000	215,000
Fresh Exports (freestone)	90,000	85,000
Total Marketed peaches (all)	700,000	727,000
Withdrawals (clingstone)	40,000	45,000
Farm Use, Waste (left on tree)	60,000	68,000
Total	800,000	840,000

* Preliminary estimates, subject to revision

The amount of clingstone peaches delivered to processors for canned peaches in 2004 is revised at 270,000 tons. An additional 150,000 tons was channeled to processing for other products (puree, diced and frozen) as well as to the juice sector (approximately 80,000 tons

included into "other processing" category). Withdrawals took place according to the EU Regulation in effect, which cannot exceed 10% of the total marketable amount.

In MY 2003/04 clingstone peach farmers received the record price of €0.60/kg, which was extremely high due to the shortage of clingstone peaches. In 2004 there was a very different case and the final price for farmers was decided at € 0.22 /kg after long negotiations between their organizations and the processors. Initially, farmers asked for € 0.26 /Kg, while processors were offering only € 0.18. The final figure agreed was € 0.22/kg farm gate price. This year, farmer organizations and producers are expected to start price negotiations in May 2005, and to continue for almost two months, based on the 2005 output levels forecasted and agreed between the two parties. In 2004 for the first time farmers asked the Minister of Agriculture to intervene and influence processors to agree on their initial proposed price of € 0.26 /Kg, but a final compromise was achieved for € 0.22/kg to be paid as the final farm gate price. For MY 2004/05 and MY 2005/06, a support price, which is paid directly to growers, is still set at € 0.0477/kg. The Fresh Fruit Processing Association reports that this price paid to peach farmers has surely hiked the cost of production and affected competitiveness with third country similar products. The processors association reports that California processors pay lower prices to their farmers, by almost 20-30%. This fact, coupled with the low dollar against the Euro, has negatively affected Greek Exports to third country markets and to the US in particular.

The 2004 processed product output is finally estimated at 320,000 T (over 14,200,000 Boxes equivalent to 24X1kg). According to processors, the cost of production is very high and Greek processed peaches in MY 2004/05, were priced at € 10.70 - 11.00 per box 24X1kg (for standard quality, ex-factory basis) and € 11.50 - 11.70 (for choice quality, ex-factory price). For the MY 2004/2005, after a small crop in 2003, Greek exports were expected to recover although competition from other countries is particularly stiff, mainly from similar Spanish and Chinese products. In October 2004, a preliminary estimate for Greek exports in MY 2004/2005 was for 280,000 T of processed product. Recent estimates would suggest an estimated 263,000 – 265,000 T to be exported by the end of 2004/05 MY. Processors are expecting to increase stocks significantly, compared to the previous year, in order to become competitive in the future. These ending stocks, by June 2005, are expected to be near 2.7 – 3.0 million boxes or 65-70,000 T of processed peaches. Consumption has shown an expected slight increase in 2004, after an expected increased demand due to Athens 2004 Olympics.

Compared to historically higher exports occurring prior to 2003, exports to the US are expected to be at low levels for the upcoming marketing season 2005/2006, due to the low dollar value against the euro. In CY 2002, Greek processors sold only about 16,000 T of canned peaches to the US, followed by a drop to 6,000 T in CY 2003 (very small Greek crop), recovering a little in CY 2004 with 5,498 T. This year exports may stay at this same level, or experience a little drop again. The total value of Greek canned peaches sold in CY 2004 was US \$151.8 million, of which US \$113.6 million represents the amount sold to the EU, US \$4.1 million to the US and the remaining quantities went to other destinations (mainly to Russia, Thailand and Australia).

Domestic consumption of canned peaches in CY 2004 is reported higher due to higher demand during the Olympics. Exports in CY 2004 have reached 23,439 T of which 21,039 T sold within the EU. The value is reported at US \$27.3 and US \$25.1 million, respectively.

Canned Apricots

For the 2004 apricot crop, the final amount delivered to processors is revised upwards. Out of a total production of 60,000 T, an amount of 20,000 T was delivered to processors resulting to an output of 24,000 T of processed product of very good quality. A total of

16,000 T (67 percent of the processed product) was of choice quality sold easily mostly within the EU. The 2005 fresh apricot production is expected to reach that of 2004, probably a little higher. Orchards look promising and provided that weather is normal, an amount of 20-21,000 T of apricots will be processed in 2005, plus another 25,000 T for juices, marmalades and a limited amount of dried fruit. In years of shortages of peaches for processing, processors are motivated to use apricots instead of peaches in order to keep a number of processing plants under operation.

Canned Mixtures

The production of canned mixtures reached the level of 2,000,000 boxes (24x1) in MY 2004/05 corresponding to a total tonnage of 40,000 T. Canned mixtures production in 2005 is preliminarily estimated to reach the 2004 level, and will possibly exceed 40,000 T. This figure is subject to further revision later in the year. Greek canned mixture production is targeted at an annual production of 2,500,000 cases (24X1kg). Processors are hoping to increase the amount of canned mixtures production and exports in the future, provided that there are not affected by a short peach crop or a lack of pears. The variety most sought is the Williams variety.

Processors pay relatively higher prices for pears. Domestic pears are limited to 5,500 – 6,000 T. In periods of shortages, processors supplement their needs with imports. Generally, pears are considered an expensive raw material and there is a lack of domestically produced pears. Processors in 2004 have paid up to € 388/T to buy pears from Greek farmers, a price which is agreed after negotiations with farmer groups.

The UK, Germany, Netherlands and France, absorb about 10,000 T of canned mixtures annually, followed by Japan with 1,500 T. In CY 2004, Greece has exported a total of 16,346 T of which 10,626 T went to the EU, with total values at US \$24.4 million and US \$16.9 million, respectively. As with peaches and apricots, domestic consumption of mixtures increased in 2004 due to the Olympics.

Policy

There are no very significant changes reported for the sector. Grower prices for fruit delivered to the processing industry is a product of long lasting negotiations between the two parties, although in years of sufficient or excess production, processors offer very low prices to farmers. Starting last year (2004), farmers have asked GOG Ministry of Agriculture to intervene during the price negotiation period in order to achieve a compromise with the industry. They have finally achieved a little less from their initially request for their products, while processors have agreed to pay a little more from their initial price offer.

In December 2004, GOG Ministry of National Economy has published the new Development and Investment Law No. 3299/2004 in the Official Government Gazette (FEK No 261/Vol A' /12.23.2004), which has not yet entered the implementation stage. Reportedly, this law will be activated before the end of April 2005 with interpretational Ministerial Decisions expected to be published by then. The law sets the Incentives for Private Investments in the country, per sector and geographical region, in the framework of the EU Convergence Plan for the Economy, abolishing the old Investment Laws No. 2601 and 1257. Article No 3 of the new Law talks about the Primary Sector and the incentives provided for submitted investment plans, concerning the Agricultural Processing Industry, including the fruit-processing sub sector. The Law provides four (4) types of support:

1. A Subsidy (Part of the Investment according to type and Region) covering part of the total investment plan fluctuating from 50 – 100% of the expenditure

2. Lease subsidy (as above)
3. Tax exemption (up to a certain percentage or the whole expenditure of the plan, fluctuating from 50% - 100% according to the case)
4. Subsidization of the additional workforce cost, resulting from the new investment (fluctuating from 18.5% - 45.5%, according to the case).

According to discussions with the Fruit Processing Industry, it is reported that the new Law has little to offer to fruit processors, due to the fact that all the support provided by the Law is destined to activities which are already done (i.e. new buildings, modernization of production and packaging lines and equipment, electronic infrastructure, other). Besides, the Greek fruit processing industry as a whole, although highly modernized, for over a decade has operated under installed capacity (compared to fruit output and availability) and presently, under this Law, there is not any significant incentive for the sector. Note: The law offers more opportunities for other agricultural sectors such as organic agricultural activities, aquaculture, green house productions, purchase of agricultural machinery, and activities carried out only by ag cooperatives and farming groups at the primary levels, those in the framework of EU CAP reform Directives and Regulations – peach farmers and fruit and vegetable producers are included here. Also, provided that these organizations were established according to EU Regulations, the new law will favor energy saving activities, environmentally- friendly technologies and practices, processing of other industry by-products and recycling, establishment of online marketing, promotion activities, and others.

PS&D Table, Canned Peaches

PSD Table

Country	Greece						
Commodity	Peaches, Canned						
	(MT)(MT, Net Weight)						
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official	Estimate [A]	Official [A]	Estimate [A]	Official [A]	Estimate [New]	
Market Year Begin	06/2003			06/2004		06/2005	MM/YYYY
Deliv. To Processors	50000	50000	260000	270000	0	275000	(MT)
Beginning Stocks	41000	41000	23700	23700	44500	65000	(MT, Net Weight)
Production	61700	61700	315000	320000	0	325000	(MT, Net Weight)
Imports	3000	3000	800	1200	0	800	(MT, Net Weight)
TOTAL SUPPLY	105700	105700	339500	344900	44500	390800	(MT, Net Weight)
Exports	75000	75000	280000	263900	0	300000	(MT, Net Weight)
Domestic Consumption	7000	7000	15000	16000	0	14000	(MT, Net Weight)
Ending Stocks	23700	23700	44500	65000	0	76800	(MT, Net Weight)
TOTAL DISTRIBUTION	105700	105700	339500	344900	0	390800	(MT, Net Weight)

Export Trade Matrix, Canned Peaches

Export Trade Matrix

Country Greece

Commodity Peaches, Canned

Time Period		Units:	MT
Exports for:	2003		2004
U.S.	6175	U.S.	5498
Others		Others	
France	4807	France	6685
Germany	43913	Germany	42448
U.K.	18386	U.K.	16143
Italy	5557	Italy	12055
Belg-Lux	2101	Poland	11824
Other EU	12611	Other EU	32449
>Sub Total EU	87375	>Sub Total EU	121604
Poland	12735	Thailand	5213
Canada	3576	Australia	2917
Russian Federal	8651	Russian Federal	9817
Total for Others	112337		139551
Others not Listed	24638		25189
Grand Total	143150		170238

Import Trade Matrix, Canned Peaches

Import Trade Matrix

Country Greece

Commodity Peaches, Canned

Time Period		Units:	MT
Imports for:	2003		2004
U.S.	453	U.S.	88
Others		Others	
Germany	1173	Germany	1223
Spain	2258	Spain	777
Other EU	1097	France	152
>Sub Total EU	4528	Austria	92
South Africa	1962	Italy	62
Argentina	3104	Cyprus	67
		Other EU	17
		>Sub Total EU	2390
		Argentina	988
		China	472
Total for Others	9594		3850
Others not Listed	1296		231
Grand Total	11343		4169

PS&D Table, Canned Apricots

PSD Table

Country	Greece						
Commodity	Canned Apricots						(MT)(MT, Net Weight)
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [06/2003	DA Official [	Estimate [06/2004	DA Official [	Estimate [New]	
Market Year Begin		06/2003		06/2004		06/2005	MM/YYYY
Deliv. To Processors	18000	18000	17000	20000	0	21000	(MT)
Beginning Stocks	1147	1147	2867	2867	3997	3267	(MT, Net Weight)
Production	21900	21900	20600	24000	0	25000	(MT, Net Weight)
Imports	320	320	330	1500	0	800	(MT, Net Weight)
TOTAL SUPPLY	23367	23367	23797	28367	3997	29067	(MT, Net Weight)
Exports	18000	18000	17000	21500	0	23000	(MT, Net Weight)
Domestic Consumption	2500	2500	2800	3600	0	3000	(MT, Net Weight)
Ending Stocks	2867	2867	3997	3267	0	3067	(MT, Net Weight)
TOTAL DISTRIBUTION	23367	23367	23797	28367	0	29067	(MT, Net Weight)

Export Trade Matrix, Canned Apricots

Export Trade Matrix**Country** Greece**Commodity** Canned Apricots

Time Period		Units:	MT
Exports for:	2003		2004
U.S.		U.S.	
Others		Others	
Germany	4189	Germany	8976
France	5926	France	6535
Italy	840	Italy	2069
U.K.	733	U.K.	1552
Other EU	1527	Belgium & Lux.	372
>Sub Total EU	13215	Other EU	1535
Russian Feder	721	>Sub Total EU	21039
Poland	213	Bulgaria	943
Czechia	428	Russian Feder	397
Croatia	90	Australia	173
Total for Others	14667		22552
Others not Listed	1118		884
Grand Total	15785		23436

Import Trade Matrix, Canned Apricots

Import Trade Matrix

Country Greece

Commodity Canned Apricots

Time Period		Units:	MT
Imports for:	2003		2004
U.S.		U.S.	
Others		Others	
Germany	24	Germany	308
U.K.	38	Netherlands	61
Other EU	109	France	40
>Sub Total EU	171	Austria	7
Turkey	631	Cyprus	77
		Belgium & Lux.	5
		>Sub Total EU	498
		Turkey	882
		China	609
		South Africa	92
Total for Others	802		2081
Others not Listed	252		
Grand Total	1054		2081

PS&D Table, Canned Mixtures

PSD Table

Country	Greece						
Commodity	Canned Mixtures						(MT)(MT, Net Weight)
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [06/2003	DA Official [	Estimate [06/2004	DA Official [	Estimate [New	
Market Year Begin		06/2003		06/2004		06/2005	MM/YYYY
Deliv. To Processors	0	0	0	0	0	0	(MT)
Beginning Stocks	4243	4243	1943	1943	2043	2943	(MT, Net Weight)
Production	24000	24000	43000	40000	0	40000	(MT, Net Weight)
Imports	500	500	100	2500	0	1000	(MT, Net Weight)
TOTAL SUPPLY	28743	28743	45043	44443	2043	43943	(MT, Net Weight)
Exports	25000	25000	38000	35000	0	35000	(MT, Net Weight)
Domestic Consumption	1800	1800	5000	6500	0	5000	(MT, Net Weight)
Ending Stocks	1943	1943	2043	2943	0	3943	(MT, Net Weight)
TOTAL DISTRIBUTION	28743	28743	45043	44443	0	43943	(MT, Net Weight)

Export Trade Matrix, Canned Mixtures

Export Trade Matrix

Country Greece

Commodity Canned Mixtures

Time Period		Units:	MT
Exports for:	2003		2004
U.S.	976	U.S.	629
Others		Others	
U.K.	2441	U.K.	2300
Belgium-Lux.	1710	Belgium-Lux.	1676
Germany	2336	Germany	2712
Other EU	1312	Italy	988
>Sub Total EU	7799	France	1081
Japan	1527	Other EU	1869
Canada	1662	>Sub Total EU	10626
Egypt	330	Japan	1495
Russian Feder	78	Singapore	891
		Canada	764
Total for Others	11396		13776
Others not Listed	1010		1941
Grand Total	13382		16346

Import Trade Matrix, Canned Mixtures

Import Trade Matrix

Country Greece

Commodity Canned Mixtures

Time Period		Units:	MT
Imports for:	2003		2004
U.S.		U.S.	
Others		Others	
Germany	737	Germany	919
France	34	France	51
Belgium & Lux.	180	Belgium & Lux.	161
Italy	164	Italy	173
Other EU	183	U.K.	147
>Sub Total EU	1298	Austria	38
Thailand	105	Netherlands	3
		>Sub Total EU	1492
		Thailand	1709
		China	16
Total for Others	1403		3217
Others not Listed	71		22
Grand Total	1474		3239